Book Reviews

Organization Design.
Jay Galbraith. Reading, MA: Addison-Wesley, 1977. 426 pp., $15.95.

As I understand the underlying theme of this interesting book on organizational design, it is: organizations coordinate activities through the management of exceptions by the defining of goals, and by the creation of hierarchy and rules. Task uncertainty arises when the amount of information required to deal with the exceptions becomes greater than the information possessed. A state of overload exists when the information is greater than the hierarchy can cope with. A strategic choice must be made to redesign the organization.

There are two general strategies that are possible. First, the amount of information processing that is needed can be˙ reduced. This can be done by altering the environment, creating slack resources, and creating self-contained units. The second general strategy is to increase the organization's capacity to process information. These can be done by investing in vertical information systems and by creating lateral relations.

This book describes how to understand these alternatives and how to build new organizational designs. The theory of design is highly abstract, but Galbraith shows how it might be used in specific cases. The cases illustrate the wide variance of topics that the theory can deal with ranging from managing a restaurant to managing the building and marketing of commercial airplanes.

The theory is interdisciplinary in that it includes a wide range of the behavioral sciences and microeconomics. This is an important strength of the book. The practitioners will appreciate it because they rarely deal with a world organized according to academic disciplines; the scholars should appreciate it because it provides a framework that is more comprehensive than is usually available.

I have several questions to raise that are indicative, I believe, of basic problems in the field and not limited to Galbraith's perspective.

Galbraith's design theory can be used to illustrate the choices available (e.g., increase slack or create lateral relations) but this guidance is abstract. Hence, in the case of Chandler's restaurant having more food on hand might increase slack. But, more food on hand increases the probability of food spoilage. In the Boeing case the theory predicts that self-contained units are appropriate in a given division. But, with a thorough diagnosis Galbraith notes that such a choice would create undesirable consequences. The point is that the alternatives indicated by the theory may create other problems that are not directly predictable, or dealt with, by the theory.

Careful diagnosis and ad hoc theorizing with iterative learning are required therefore to reduce the gap between theory and practice. Judging from the richness of the cases, Galbraith does these activities well. But the theory in Galbraith's head that leads him to conduct the diagnosis that

he presents and to perform the insightful ad hoc theorizing is not made explicit in the book.

The Boeing case also illustrates another question. If the Boeing design decisions were made without the benefit of the Galbraith theory — and since the results were consonant with his theory — then what theory did the Boeing designers have in mind that led to these actions? Could it have been a simpler and yet equally useful theory?

Could the Boeing theory actually be more context oriented and process centered than Galbraith's? Maybe the Boeing people have a theory of design that permits less a priori designing than does the Galbraith theory but encourages more on-line iterative learning and hence winds up making the decisions Galbraith would also recommend. If so, then the Boeing theory would also have the advantage of creating internal commitment to the design while it is being created (a quality that Galbraith values). And this, in turn, would increase the integration of the individuals with the organization which is a key component to the Galbraith theory. He focuses heavily on reward and penalty systems and concepts of intrinsic motivation that appears to be applied "after" the design is created and while it is being implemented. Galbraith is aware that his perspective is weak on how to get from here to there. Perhaps, if he had attempted to construct the theory the Boeing designers had in mind that moved them from here to there, he would have gained insights into this important gap in his theory.

The final question is related to how do we come to know what we know. If one can judge from practice, most of the researchers in this field answer the question by saying that we use questionnaires and interviews to conduct research. Hence the contingency theories that Galbraith relies on rarely provide any relatively directly observable data to illustrate their concepts. The difficulty with this data base is that there may be a discrepancy between what people say and what they do, *and* that these people may be unaware of this fact. For example, the research that reports that managers can perform "integrating roles," depended upon what managers reported they or others could do. Observation could show that the behavior is considerably less integrative than the respondents reported; indeed, the managers could be manipulating the respondents (moreover the culture of the organization could sanction such manipulation), and that the respondents did not realize what was happening.

Without a theory to help them be aware of this possibility the researchers could take on the blind spots of the respondents. For example, when one focuses upon actual behavior, the organic organizations described by Burns and Stalker (1962) (upon which Galbraith also relies) may be subtle mechanistic organizations (Argyris, 1977). Moreover, the blind spots may be also operating when those who correlate mechanistic organizations with high degree of task certainty (as does Galbraith) do not specify the difficulties that the mechanistic system will have to recognize when its environment is changing.

Galbraith inadvertently reveals a bias against interventions that focus on process and interpersonal issues when he

describes (p. 74) an intervention to increase trust among participants as "simple." A reading of the organizational development literature would show that such an intervention is as difficult as any of those that he recommends.

The theoretical framework used in this book was first published in *Diagnosing Complex Organizations* (1973). *Organizational Design,* however, is a much more thorough and systematic presentation that makes an investment in the new book worthwhile.

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Organization Theory: Structures, Systems and Environments.

William Evan. New York: Wiley-Interscience, 1976. 305 pp. $15.75.

The title of this book may be misleading in that it is not a new theoretical statement of the field by one of its eminent scholars, William Evan. Rather, the book is a collection of 16 of his articles that have been published elsewhere. Thus at first exposure the book is disappointing because it offers nothing new; it is simply a repackaging of Evan's work. However, this book is still important as it provides a handy reference for Evan's work and thus is worth having in one's library. The contribution the book makes is that it allows the reader to follow the development of Evan's thought in these different areas.

The book is divided into four parts. Part I, Hierarchical Structures, presents four of Evan's papers on organizational structure. However, missing here is any attempt on the part of Evan to evaluate critically the current body of work on contingency theory and organization design. It would be interesting to have Evan's view on organization design, given work by Galbraith (1973) and others. There is one newer paper in this section that readers may not be familiar with. In "Hierarchy, Alienation, Commitment and Organizational Effectiveness," Evan begins to discuss some examples of worker participation and organization structure. However, this paper neglects much of the work on job enrichment in this country that might have some implications for the relationships between structure and alienation, and dissatisfaction.

Part II, Role Strain and Structural Change, presents Evan's previous work on role behavior. Again, there is nothing new offered here in terms of Evan's assessment of this area.